

**GA DHR GRANTS-TO-COUNTIES
POLICY AND PROCEDURES
MANUAL
SECTION 1: POLICY**

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PART 11 K 1

SUBJECT: USE OF PROGRAM INCOME
Legal Reference: 1. Code of Federal Regulations: 45 CFR-Part 74
2. Georgia Code Annotated: 99-144

- A. For purposes of this policy, program income shall be defined as income from all sources earned by a grantee from the grant supported program(s). This policy does not apply to interest income, income such as sales of property, royalties, copyright, etc. as defined in 45 CFR 74.43 through 74.47.
- B. The DHR policy on program income is established pursuant to 45 CFR-Part 74, Sub-part F (Grant Related Income). These regulations establish the requirements for the receipt and expenditure of general program income in all Federal grants and contracts administered by DHR either directly or through sub-grants to other agencies. The general provisions as incorporated by DHR in this policy have been expanded to apply to State funds utilized by grantees, sub-grantees, and contractors as well.
- C. General program income shall be retained by the recipient and used in accordance with one or a combination of the alternatives indicated below.
 - 1. Deduction Alternative: Under this alternative, the income is used for allowable costs of the project or program. If there is cost sharing or matching requirements, costs borne by the income may not count toward satisfying that requirement. Therefore, the maximum percentage of Federal participation is applied to the net amount determined by deducting the income from total allowable costs and third party in-kind contributions. This alternative may always be used and must be used if neither of the following alternatives is specifically allowed under the provisions of the DHR grant award document.
 - 2. Cost Sharing or Matching Alternative: Under this alternative, the income is used for allowable costs of the project or program but, in this case, the costs borne by the income may count toward satisfying a cost sharing or matching requirement. Therefore the maximum percentage of Federal and State participation is applied to total allowable costs and third party in-kind contributions. This method may be used only when specifically allowed in writing by the DHR grant award document.
 - 3. Additional Costs Alternative: Under this alternative, the income is used for costs which are in addition to the allowable costs of the project or program but which nevertheless, further the objectives for which the grant was made. Provided that the costs borne by the income further the broad objectives of the grant, they need not be of a type specifically allowable under the provision of Appendix C of 45 CFR-Part 74. This method may be used only when specifically allowed in writing by the DHR grant award document. Example of purposes for which the income may be used are set forth as follows:
 - A. Expanding or extending the project or program beyond the grant period.
 - B. Supporting other projects or programs that further the broad objectives of the statute.
 - C. Obtaining equipment or other assets needed for the project or program, or for their actives that further the statute=s objectives.

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- D. All such funds are subject to the appropriate budgeting, accounting, auditing reporting and other financial requirements of the Department including those found elsewhere in this manual.
- E. Within the scope of these regulations, DHR recommends that all such program income be retained by the grantee and used, immediately if needed, to expand the range or improve the quality of services authorized under the State/local grant agreement. Otherwise, such funds should be deducted from the total costs in which DHR and/or Federal grant funds may participate. However, in some cases where specifically allowed by the DHR grant award document, program income can be counted towards satisfying a cost sharing or matching requirement.

SECTION II: PROCEDURES

- A. Initial DHR Grant Award Document: Prior to the beginning of each state fiscal year (July 1), the appropriate Division will notify the grantee of the grant amount available for the program(s) for the fiscal year. The grantee and Division must then execute the DHR grant award, including a detailed budget plan for the fiscal year July 1 to June 30. Both an estimate of program income revenue and expenditures must be included in this budget. The grantee must also attach a fee/rate/program income schedule for the program.
 - 1. It is intended that program income will be budgeted and used as it is earned. If, however, a balance of program income funds exists as of June 30 of any fiscal year, it may be carried forward into the next fiscal year for 12 months. The funds may be budgeted at the time the initial annual grant award document is executed for the following fiscal year. Prior year funds must be distinguished from projected current year income and treated as a separate fund source. A detailed plan for assuring utilization of prior year income within that fiscal period must be attached to the DHR grant award document.
- B. Budget revisions: Budget amendments will be processed during the year in accordance with appropriate budget procedures included elsewhere in this manual. Any changes in projected program income and expenditures must be incorporated into the grant award by revision.
- C. Reporting: Monthly Grants-to-Counties reimbursement requests must include both revenues and expenditures by fund source, including program income. These are for reporting purposes only. Detailed transaction records for audit purposes must be maintained by the grantee on each fund source including current and/or prior year program income.

SECTION III: PROPONENCY AND AUTHENTICATION

Proponent Division/Office:
Proponent Section:
Contact Name:
Section Telephone:

Office of Budget Administration
N/A
Dotty Roach
(404) 656-4472
GIST 221-4472

Attachments: None

Commissioner

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